

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:6031
ANSWERED ON:31.08.2001
ROLE OF JMMS IN AIR INDIA DISINVESTMENT
PRAVEEN RASHTRAPAL

Will the Minister of DISINVESTMENT be pleased to state:

- (a) the role of M/s. J.M.Morgan Stanley (JMMS) in the disinvestment process on behalf of Government for Air India;
- (b) whether the head of JMMS is serving as Director on the board of Tata Companies and is the Lead Manager for several Tata Group of Companies;
- (c) if so, whether the Government have appointed JMMS as investment bankers in the Air India disinvestment;
- (d) if so, the reasons therefor;
- (e) whether the Government will issue guidelines with regard to the appointment of Investment Banker and the role of JMMS in Air India disinvestment would be thoroughly probed; and
- (f) if not, the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

- (a) M/s JM Morgan Stanley Private Limited (JMMS) has been appointed as the Advisor to the Government to advise and assist in the disinvestment of Government equity in Air India. The responsibilities of JMMS involve preparation of an operational scheme for disinvestment. This includes all marketing aspects and advise on matters related to negotiations and firming up of the disinvestment related documents/agreements, advise on post-sale, and other related matters.
- (b) As per information available, the Chairman of M/s JM Morgan Stanley Private Limited had been invited to join the Board of Directors of the Indian Hotels Company Limited (IHCL) as an independent Director in his personal capacity and not as a Tata Group appointee. He joined the Board of IHCL on the 29th March 2001 and resigned therefrom on the 25th May 2001, without attending a Board meeting. JMMS is presently acting as the Lead Manager for the issue of shares on a rights basis by Telco Limited.
- (c) No, Sir, JMMS have been appointed as Advisors and not as Investment Bankers for Air India Disinvestment.
- (d) Does not arise in view of reply to (c) above. However, it is clarified that the appointment of JMMS was made through a transparent and competitive bidding procedure.
- (e) & (f) The Government has issued guidelines regarding qualification of Advisors for disinvestment process. The criteria prescribed in the guidelines would uniformly apply to all the Advisors in various disinvestment transactions.